

### 2023 Issue 44

#### From November 13 to November 17

#### Chinese offshore bond new issuance decreased; return on Chinese USD bond rose

#### Headline: China's property development investment fell by 9.3% YoY in the first 10 months; US CPI was 3.2% in October

China National Bureau of Statistics showed that from January to October, China property development investment was RMB9.5922 billion, a YoY decrease of 9.3%. US Department of Labor showed that the US YoY CPI in October fell to 3.2% from 3.7% in the previous month, lower than the market expectation of 3.3%.

#### Exchange Rate: RMB appreciated, USD index decreased

This week, the RMB depreciated. As of November 17, the RMB/USD middle rate closed at 7.1728, decreasing by 43bp from last Friday. The USD index decreased by 1.8% to 103.917 from last Friday.

#### Interest Rate: Chinese Government Bond yields mostly fell; US Treasury yields fell

This week, the China Government Bond yields mostly decreased. As the October CPI was lower than expectation, US Treasury yields fell.

#### Chinese Offshore Bond Market

#### Primary Market: Chinese offshore bond new issuance decreased

From November 13 to November 17, there were 26 new issues with total issued volume of USD1.459 billion, decreasing by 9.4% from last week. Among them, financial companies are the largest issuer with a total issued amount of USD 0.949 billion.

#### Secondary Market: Return on Chinese USD bond increased

As of November 17, the year-to-date return on the Chinese USD corporate bond index increased by 84bp to 1.16% from last Friday, of which the return on investment-grade bonds increasing by 78bp to 4.13%, the return on high-yield bonds increasing by 122bp to -17.51%.

#### Rating Action: CCXAP assigns long-term credit ratings to 2 entities

CCXAP assigns long-term credit rating to 2 entity, Huzhou Nanxun New Town Investment Development Group Co., Ltd and Shandong Shipping Corporation.



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## Headline: China's property development investment fell by 9.3% YoY in the first 10 months; US CPI was 3.2% in October

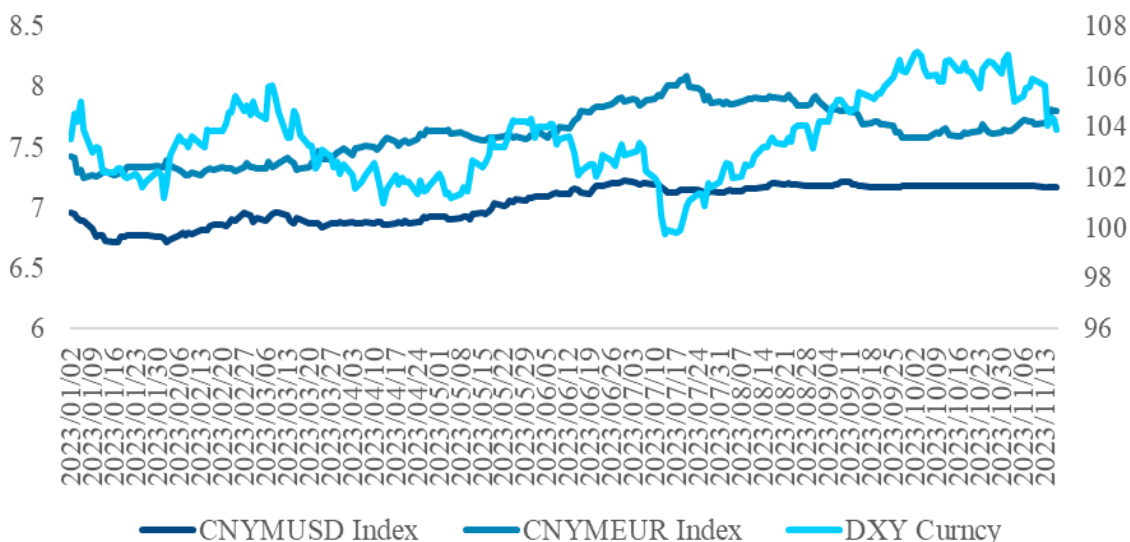
On November 15, the National Bureau of Statistics released data showing that from January to October, national property development investment was RMB9.5922 billion, a year-on-year (“YoY”) decrease of 9.3%. Among them, residential investment was RMB7.2799 billion, down 8.8%. The property development prosperity index was 93.40, falling for six consecutive months.

On November 14, the US Department of Labor showed that the US CPI fell to 3.2% YoY in October from 3.7% last month, lower than market expectations of 3.3%; it was flat month-on-month (“MoM”), the smallest increase since July 2022. Core CPI fell to 4.0% YoY from 4.1% last month, lower than the market's previous estimate of 4.1%; it rose 0.2% MoM, the smallest increase since July this year. Experts said that this CPI report is good news for the Fed. It proves that monetary policy is still effective and its impact on the real economy is lagging. At the same time, this CPI data also rules out the possibility of raising interest rates in December.

## Exchange Rate: RMB appreciated, USD index increased

This week, the RMB depreciated. As of November 17, the RMB/USD middle rate closed at 7.1728, decreasing by 43bp from last Friday. The RMB/EUR middle rate closed at 7.8057, increasing by 1140bp from last Friday. The USD index decreased by 1.8% to 103.917 from last Friday.

Figure 1: RMB exchange rate



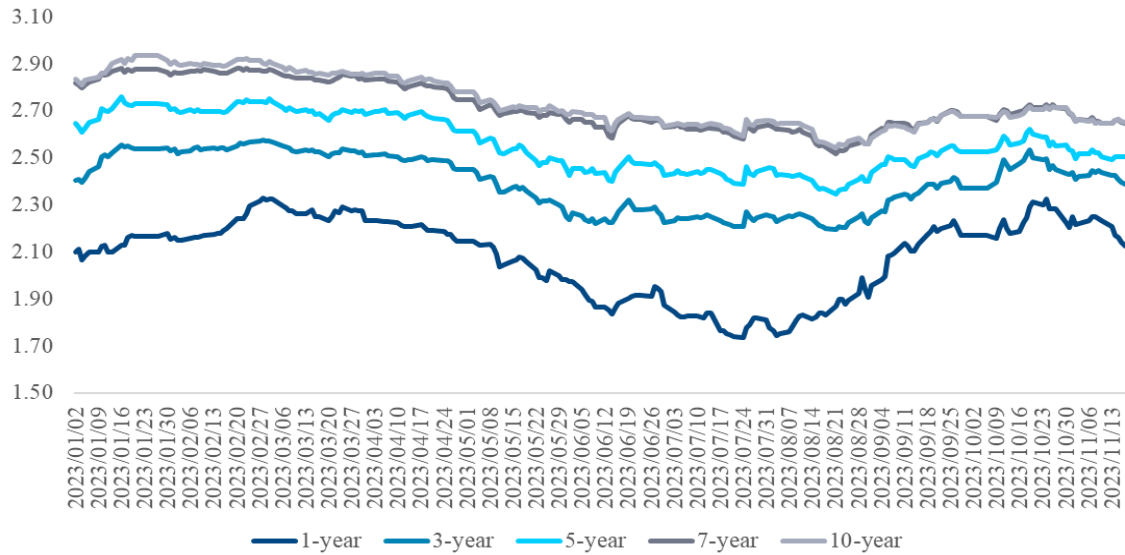
Sources: CCXAP research

## Interest Rate: Chinese Government Bond yields mostly fell; US Treasury yields fell

This week, China Government Bond yields mostly decreased. As of November 17, the 5-year and 10-year China Government Bond yields were 2.5058% and 2.6524%, increasing by 0.29bp and 0.8bp, respectively, from last Friday. The 1-year, 3-year and 7-year China Government Bond yields

were 2.1221%, 2.3852% and 2.647%, decreasing by 10.85bp, 5.13bp and 0.05bp, respectively, from last Friday.

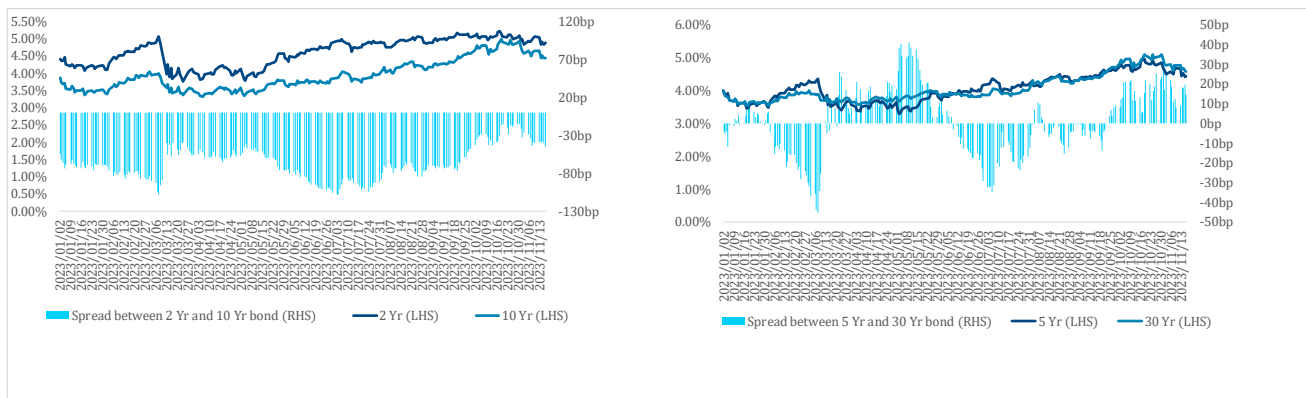
Figure 2: China Government Bond yields



Sources: CCXAP research

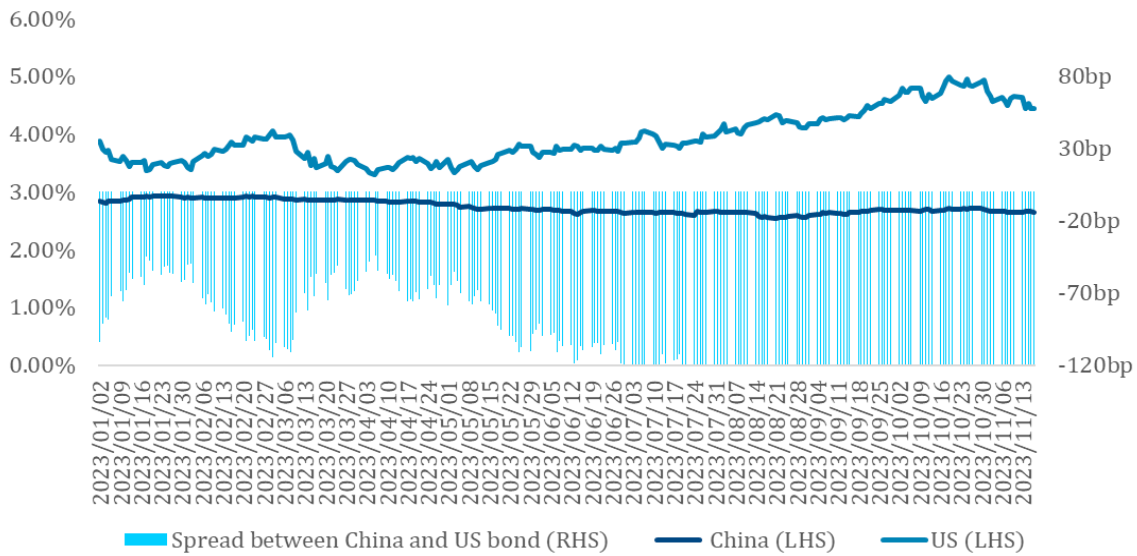
As the October CPI was lower than expectation, US Treasury yields fell. As of November 17, the 2-year, 5-year, 10-year and 30-year Treasury yields were 4.8855%, 4.4408%, 4.4354% and 4.5889%, decreasing by 17.68bp, 24.31bp, 21.64bp and 17.29 respectively from last Friday. In terms of US Treasury bond spreads, the spread between 2-year and 17-year Treasury bonds widened by 3.96bp to -45.0bp from last Friday, and the spread between 5-year and 30-year Treasury bonds widened by 7.02bp to 14.8bp from last Friday.

Figure 3: US Treasury yields and yield spreads



Sources: CCXAP research

As of November 17, the yield spread between China and US 10-year note was -178.3bp, narrowing by 22.44bp from last Friday and widening by 74.35 bp from the beginning of the year.

**Figure 4: Yield spread between China and US 10-year note**


Sources: CCXAP research

## Primary Market: Chinese offshore bond new issuance decreased

From November 13 to November 17, there were 26 new issues with total issued volume of USD1.459 billion, decreasing by 9.4% from last week. Among them, financial companies are the largest issuer with a total issued amount of USD 0.949 billion.

**Table 1: New issuance of Chinese offshore bonds (20231113-20231117)**

Pricing Date	Obligor	Currency	Amount (million)	Coupon (%)	Maturity	Tenor	Industry	Issuer Rating	Issue Rating
2023/11/13	CITIC Securities International Co Ltd	CNY	15	0	2026/9/30	2.87	Financials	-/BBB+/-	-/-/-
2023/11/13	CITIC Securities International Co Ltd	USD	5	0	2024/2/20	92D	Financials	-/BBB+/-	-/-/-
2023/11/14	CITIC Securities International Co Ltd	USD	5	5.8	2023/12/15	29D	Financials	-/-/-	-/-/-
2023/11/14	Jinan Rail Transit Group Co Ltd	USD	210	6.7	2024/11/18	364D	Chengtou	-/-/A-	-/-/A-
2023/11/14	CITIC Securities International Co Ltd	CNY	9	0	2025/12/3	2.05	Financials	-/BBB+/-	-/-/-
2023/11/15	Agricultural Bank of China Ltd/London	USD	300	SOFR+60	2026/11/22	3	Banks	A1/A/A	A1/-/-
2023/11/15	Guotai Junan Securities Co Ltd	CNY	520	3.35	2026/11/22	3	Financials	Baa2/BBB+/-	-/-/-
2023/11/15	Bank of China Ltd	USD	50	5.5	2024/11/15	364D	Banks	A1/A/A	A1/A/A
2023/11/15	CITIC Securities International Co Ltd	CNY	18	0	2024/3/11	112D	Financials	-/BBB+/-	-/-/-
2023/11/15	CITIC Securities International Co Ltd	CNY	5	0	2026/9/30	2.86	Financials	-/BBB+/-	-/-/-
2023/11/15	CITIC Securities International Co Ltd	CNY	9.9	0	2026/9/10	2.81	Financials	-/BBB+/-	-/-/-

2023/11/15	CITIC Securities International Co Ltd	CNY	30	0	2026/1/28	2.19	Financials	-/BBB+/-	-/-/-
2023/11/15	CITIC Securities International Co Ltd	CNY	13	0	2026/8/4	2.7	Financials	-/BBB+/-	-/-/-
2023/11/15	CITIC Securities International Co Ltd	CNY	21	0	2024/3/25	126D	Financials	-/BBB+/-	-/-/-
2023/11/16	Chengdu Dongjin Huaizhou Xincheng Investment Group Co Ltd	CNY	190	7.7	2026/11/20	3	Chengtou	-/-/-	-/-/-
2023/11/16	Agricultural Bank of China Ltd	USD	300	SOFR+58	2025/11/24	2	Banks	A1/A/A	A1/-/-
2023/11/16	Agricultural Bank of China Ltd	HKD	1500	4.75	2025/11/24	2	Banks	A1/A/A	A1/-/-
2023/11/16	China Securities International Finance Holding Co Ltd	USD	0.2	5	2024/5/17	182D	Financials	-/-/-	-/-/-
2023/11/16	Chongqing Xinquang Urban Construction And Development Co Ltd	CNY	608	4.9	2026/11/23	3	Chengtou	-/-/-	-/-/-
2023/11/16	CITIC Securities International	CNY	37	0	2025/4/24	1	Financials	-/BBB+/-	-/-/-
2023/11/16	CITIC Securities International	CNY	6.8	0	2026/9/15	3	Financials	-/BBB+/-	-/-/-
2023/11/16	CITIC Securities International	CNY	6	0	2024/11/21	1.42	Financials	-/BBB+/-	-/-/-
2023/11/17	Hefei Xingtai Finance Holding Group Co Ltd	USD	100	6.48	2026/11/24	2.82	Financials	-/-/-	-/-/-
2023/11/17	Zoucheng City Investment Holdings International Co Ltd	CNY	300	7.8	2024/11/20	364D	Chengtou	-/-/-	-/-/-
2023/11/17	China Securities International Finance Holding Co Ltd	USD	0.5	5.35	2024/5/22	182D	Financials	-/-/-	-/-/-
2023/11/17	Huantai County Jinhai Public Assets Management Co.,Ltd.	CNY	334	4.7	2026/11/24	3	Chengtou	-/-/-	-/-/-

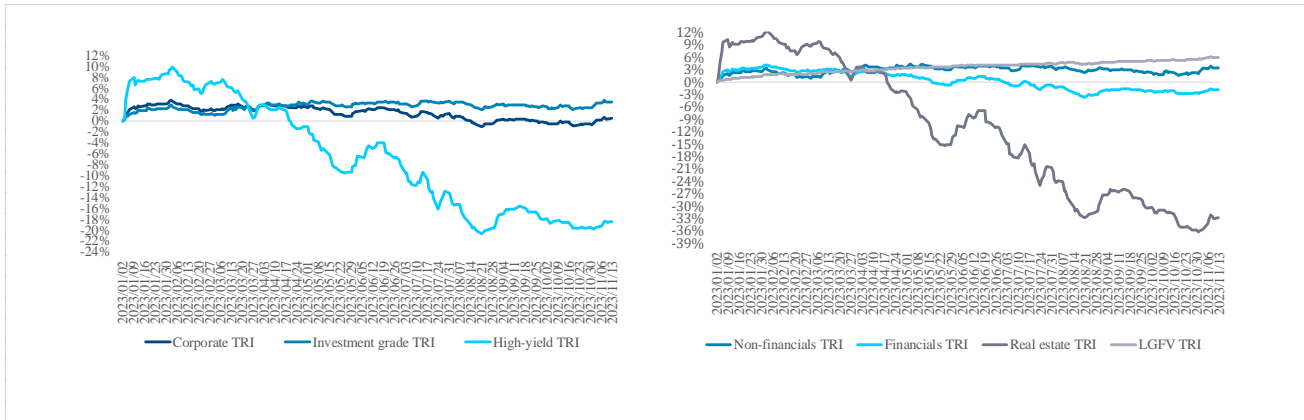
Sources: CCXAP research

## Secondary Market: Return on Chinese USD bond increased

As of November 17, the YTD return<sup>1</sup> on the Chinese USD corporate bond index increased by 84bp to 1.16% from last Friday, of which the return on investment-grade bonds increased by 78bp to 4.13%, the return on high-yield bonds increased by 122bp to -17.51%. In terms of sector indices, the returns on non-financial, financial, real estate, and Chengtoun bonds were 4.28%, -1.24%, -32.26% and 6.27%, respectively, increasing by 99bp, 72bp, 92bp and 30bp from last Friday.

<sup>1</sup> Year-to-date return measures the return since January 3, 2023

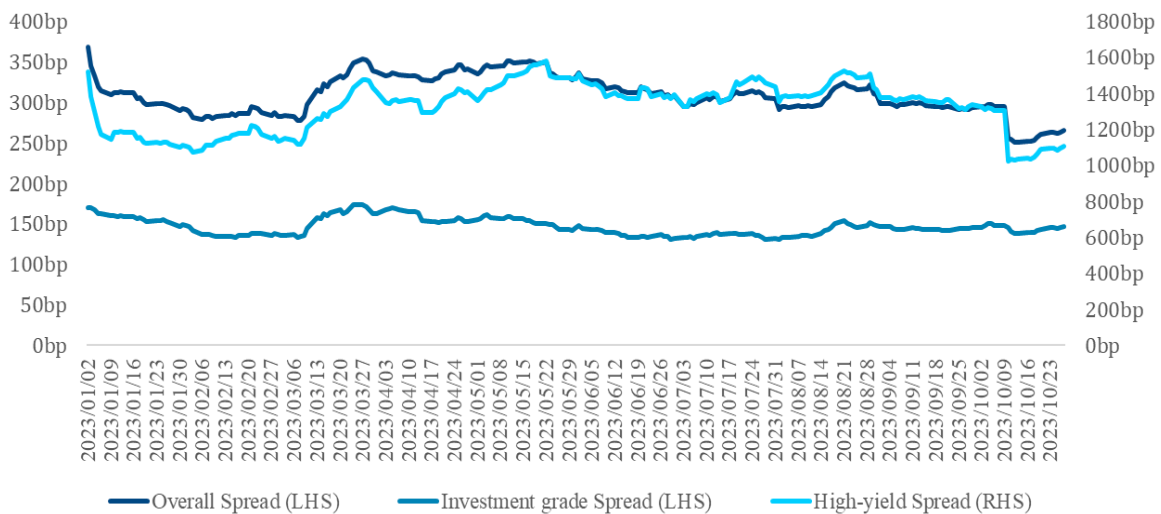
Figure 5: YTD return on Markit IBoxx Chinese USD bond index



Sources: CCXAP research

As of November 17, the yield spread of Chinese dollar bonds narrowed by 4.7bp to 231.55bp from last Friday. The yield spread of investment-grade bonds narrowed by 7.2bp to 126.20bp, while the spread of high-yield bonds widened by 1.9bp to 1019.55bp.

Figure 6: Yield Spreads of Bloomberg Barclays Chinese USD bond index



Sources: CCXAP research

The 10 bonds with the largest yield increase from November 13 to November 17 are shown in the table below. Among them, Agile Group Holdings LTD changed the most.

Table 2: Chinese offshore bonds with largest yield increases (20231113-20231117)

Security Name	Obligor	Last Price (USD)	Years to Maturity	Yield to Convention	Yield Change
AGILE 8 ¾ PERP	AGILE GROUP HOLDINGS LTD	2.269	PREP	118946064	20869.0
AGILE 7 ¾ PERP	AGILE GROUP HOLDINGS LTD	2.551	PREP	2146.515	27727.1
AGILE 7 ¼ PERP	AGILE GROUP HOLDINGS LTD	2.862	PREP	582.198	5720.6
CSCHCN 9 04/12/24	China South City Holdings Ltd	44.5	0.39	378.275	2856.1

AGILE 13.476 PERP	AGILE GROUP HOLDINGS LTD	2.493	PREP	311.092	2710.2
DALWAN 7 ¼ 01/29/24	Wanda Properties Overseas Ltd	62.952	0.19	311.906	1478.3
AGILE 5 ¾ 01/02/25	AGILE GROUP HOLDINGS LTD	11.904	1.12	345.615	1431.0
CSCHCN 9 10/09/24	China South City Holdings Ltd	37.131	0.89	182.854	1147.9
NWDEVL 4 ¾ 12/05/23	New World Development Ltd	99.341	0.04	21.369	1102.9
DALWAN 11 02/13/26	Wanda Properties Overseas Ltd	30.916	2.23	84.385	885.1

Sources: CCXAP research

## Rating Action: CCXAP assigned long-term credit ratings to 2 entities

On November 16, CCXAP assigns first-time long-term credit rating of BBB<sub>g</sub>- to Huzhou Nanxun New Town Investment Development Group Co., Ltd (“NNTI” or the “Company”), with stable outlook.

On November 17, CCXAP assigns first-time long-term credit rating of A<sub>g</sub>- to Shandong Shipping Corporation (“SDSC” or the “Company”), with stable outlook.

**Table 3: Credit rating from CCXAP (20231113-20231117)**

Rating Date	Obligor	Entity Rating	Debt Rating	Rating Rationale
2023/11/16	NNTI	BBB <sub>g</sub> -	-	The credit rating is underpinned by the Company’s (1) good market position as one of the largest dry bulk shippers in China; (2) established long-term relationships with key clients that help lower its business risks; and (3) good access to fundings. However, the rating is constrained by the Company’s (1) operations that are susceptible to cyclical fluctuations in the shipping industry; (2) high debt leverage with rising level of debt; and (3) large exposure to US dollars financing.
2023/11/17	SDSC	A <sub>g</sub> -	-	The credit rating is underpinned by the Company’s (1) good market position as one of the largest dry bulk shippers in China; (2) established long-term relationships with key clients that help lower its business risks; and (3) good access to fundings. However, the rating is constrained by the Company’s (1) operations that are susceptible to cyclical fluctuations in the shipping industry; (2) high debt leverage with rising level of debt; and (3) large exposure to US dollars financing.

Sources: CCXAP research

From November 13 to November 17, rating agencies took positive rating action to 1 Chinese issuer; and took negative rating actions on 4 Chinese issuers.

**Table 4: Credit rating changes of cross-border bond market (20231113-20231117)**

	Entity	Sector	Current Rating			Previous Rating			Rating Agency	Reason of Change
			Entity Rating	Outlook	Date	Entity Rating	Outlook	Date		
<b>International Rating:</b>										
Upgrade	WuXi AppTec Co. Ltd.	Technology	BBB	STABLE	2023/11/17	BBB-	STABLE	2022/08/22	S&P	Higher than industry average revenue level and EBIDTA
Downgrade	Ping An Bank Co., Ltd.	Financial	Baa2	STABLE	2023/11/14	Baa2	POS	2021/08/16	Moody's	Financial report indicate its profitability will face challenge in the next 12 months

Ehi Car Services Limited	Financial	B	Negative under review	2023/11/15	B	STABLE	2023/06/06	Fitch	Overpaid on supply chain cause liquidity crisis
Longfor Group Holdings Limited	Real estate	Ba1	NEG	2023/11/15	Baa3	Negative under review	2023/08/25	Moody's	The non state-owned real estate companies in China now is facing pressure due to the industry downhill
Bank of East Asia	Financial	A3	NEG	2023/11/16	A3	STABLE	2022/10/25	Moody's	The loan related to real estate companies can bring credit risk to the company's cash flow

Sources: CCXAP research



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